XERO ADVISOR CERTIFICATE PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

• Practice answering questions under realistic conditions,

• Improve accuracy and speed,

• Review explanations to strengthen weak areas, and

• Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. **Which option accurately describes the location to add business performance graphs in Xero?**
   - A. Accounting > reports > financial > business performance > select stars to add
   - B. Accounting > reports > management > graphs > add
   - C. Organisation settings > reports > financial > graphs
   - D. Accounting > reports > financial > business performance > select stars to add

2. **Explain accrual vs cash basis reporting in Xero.**
   - A. Accrual reports recognize income/expenses when earned/incurred; cash reports recognize when cash is exchanged
   - B. Accrual reports are only for revenue
   - C. Cash basis reports use accrual accounting
   - D. Both only measure cash flow

3. **Which collection of categories is used by the Chart of Accounts to structure financial data for reporting?**
   - A. Revenue, Costs, Inventory, and Cash
   - B. Assets, Liabilities, Equity, Income, and Expenses
   - C. Assets, Liabilities, and Equity only
   - D. Income and Expenses only

4. **How can an archived account be restored?**
   - A. Archive the account, then use Restore to bring it back
   - B. Permanently delete the account to restore later
   - C. Create a new account with the same code
   - D. Use Import to re-create from template

5. **What is the purpose of using a placeholder when creating a repeating bill?**
   - A. To distinguish between different repeating bills based on how often they repeat.
   - B. To mark the bill as paid immediately.
   - C. To link the bill to multiple suppliers.
   - D. To convert the bill into a credit note.

6. How often renew open bank connection?

A. Every 30 days

B. Every 60 days

C. Every 180 days

D. Every 90 days

7. Which statement is true about Balance in Xero versus Statement Balance?

A. Balance in Xero is the opening balance plus reconciled items

B. Balance in Xero is the conversion balance plus account transactions created in the bank account

C. The statement balance is the conversion balance plus imported bank statements

D. Statement balance equals only the conversion balance

8. How do you import bank transactions into Xero?

A. Use Import Spreadsheet to copy transactions manually.

B. Import Bank Statement via an API only; no file formats allowed.

C. Use Import Bank Statement, map columns, and import a CSV/QIF/XML; then review and reconcile.

D. Bank transactions cannot be imported; you must enter them.

9. During chart of accounts import, which step must occur before you can save the changes?

A. Set account type

B. Import

C. Confirm

D. Save

10. Which of the following describes the common statuses for invoices in Xero?

A. Draft (in progress), Authorized/Approved (ready to send), Awaiting Payment (sent, awaiting payment), Voided/Deleted (removed)

B. Draft, Authorized/Approved, Paid, Voided/Deleted

C. Draft, Invoices, Awaiting Payment, Paid

D. Draft (in progress), Authorized/Approved (ready to send), Awaiting Payment (sent, awaiting payment), Paid (settled), Voided/Deleted (removed)

Answers

1. D
2. A
3. B
4. A
5. A
6. D
7. B
8. C
9. A
10. D

Explanations

1. Which option accurately describes the location to add business performance graphs in Xero?

A. Accounting > reports > financial > business performance > select stars to add

B. Accounting > reports > management > graphs > add

C. Organisation settings > reports > financial > graphs

D. Accounting > reports > financial > business performance > select stars to add

To place business performance graphs, you navigate through Accounting to Reports, then Financial, open Business Performance, and use the option to select stars to add the graphs you want. This area is specifically for financial visualizations, so it's the correct place for adding those graphs. Other paths lead to organizational settings or other report sections and don't provide the same graphs feature, so they won't let you add the business performance visuals in the intended area.

2. Explain accrual vs cash basis reporting in Xero.

A. Accrual reports recognize income/expenses when earned/incurred; cash reports recognize when cash is exchanged

B. Accrual reports are only for revenue

C. Cash basis reports use accrual accounting

D. Both only measure cash flow

In Xero, you can view your financial results from two timing perspectives: accrual and cash basis. Accrual reporting records income when it is earned and expenses when they are incurred, regardless of when cash actually moves. This means revenue is recognized when you issue an invoice and costs are recognized when you incur a liability, so outstanding invoices and unpaid bills still affect the period's results. For example, if you bill a client in December but they pay in January, the December accrual report shows the revenue in December, not January, and you'll also see receivables on the balance sheet. Cash basis reporting, on the other hand, records income and expenses only when cash is received or paid. It focuses on actual cash flow and liquidity, so revenue is shown when you receive payment and expenses are shown when you pay them, with less direct reflection of outstanding invoices or bills in the current period. In practice, this distinction matters for decision making and tax considerations. Accrual gives a fuller picture of performance and obligations during a period, while cash basis shows how much cash you truly have available. In Xero you can switch the basis on many core reports to view either perspective, helping you analyze both profitability and cash flow as needed. The other options don't fit because accrual applies to both income and expenses, cash basis is not tracking through accrual accounting, and both views are not limited to just measuring cash flow.

3. Which collection of categories is used by the Chart of Accounts to structure financial data for reporting?

A. Revenue, Costs, Inventory, and Cash

B. Assets, Liabilities, Equity, Income, and Expenses

C. Assets, Liabilities, and Equity only

D. Income and Expenses only

Accounts are organized into five major categories to support reporting: Assets, Liabilities, Equity, Income, and Expenses. This structure aligns with the two primary financial statements: the balance sheet uses Assets, Liabilities, and Equity, while the income statement uses Income and Expenses. By classifying every transaction into these categories, you can produce both a complete balance sheet and a complete income statement, and see how operations affect equity through net income. The provided option matches these five categories, while the other choices miss essential parts of the reporting framework or use nonstandard groupings (for example, treating Costs as a separate category instead of as part of Expenses, or omitting assets, liabilities, or equity).

4. How can an archived account be restored?

A. Archive the account, then use Restore to bring it back

B. Permanently delete the account to restore later

C. Create a new account with the same code

D. Use Import to re-create from template

Archiving hides an account while preserving its history, so restoring it brings that account back to active status with all past transactions intact. The proper approach is to use the Restore function on the archived account, reactivating it without creating a new item or duplicating codes. Permanently deleting removes the data entirely and cannot be undone, so restoration would be impossible. Creating a new account with the same code would result in a separate, new item rather than reconnecting the archived history. Importing from a template would recreate an account from scratch rather than reactivating the archived one.

5. What is the purpose of using a placeholder when creating a repeating bill?

A. To distinguish between different repeating bills based on how often they repeat.

B. To mark the bill as paid immediately.

C. To link the bill to multiple suppliers.

D. To convert the bill into a credit note.

Placeholders help you differentiate recurring bill templates by their schedule. When you have multiple repeating bills that recur at different frequencies (for example, monthly rent versus quarterly service charges) a placeholder acts as a label you can attach to each template. This makes it easy to identify which repeating bill will post next and ensures you're managing the correct schedule. It's not about marking a bill as paid, linking to multiple suppliers, or turning a bill into a credit note—the placeholder's purpose is simply to distinguish between repeating bills based on how often they repeat.

6. How often renew open bank connection?

A. Every 30 days

B. Every 60 days

C. Every 180 days

D. Every 90 days

Periodic re-authentication is required because open bank connections use access tokens that expire to protect access to your data. In many open banking setups, tokens are valid for about 90 days, so you must re-authorize the connection to keep the feed active. Reconnecting renews the permission and refresh token, preventing the connection from breaking and ensuring ongoing security alignment with the bank. If you don't renew, the bank connection can disconnect, and transactions won't sync until you re-authorize. Renewal is typically quick: you open the bank connection in your accounting app and follow the prompts to log in and approve access again. You may receive a prompt or reminder a bit before the 90-day mark, depending on the provider.

7. Which statement is true about Balance in Xero versus Statement Balance?

A. Balance in Xero is the opening balance plus reconciled items

B. Balance in Xero is the conversion balance plus account transactions created in the bank account

C. The statement balance is the conversion balance plus imported bank statements

D. Statement balance equals only the conversion balance

Balance in Xero is built from the starting point when you first connect or import the bank data—the conversion balance—and then adjusted by any transactions you create in the bank account within Xero. In other words, Xero's bank balance equals the conversion balance plus account transactions created in that bank account (such as manually entered payments, deposits, or transfers). The bank statement balance is a separate reference—the actual balance shown on your external bank statement at a given date—so it can differ from what's in Xero until all items are reconciled or imported. The other options don't capture this idea of starting from the conversion balance and then adding the internal bank account transactions to reach the Xero balance.

8. How do you import bank transactions into Xero?

A. Use Import Spreadsheet to copy transactions manually.

B. Import Bank Statement via an API only; no file formats allowed.

C. Use Import Bank Statement, map columns, and import a CSV/QIF/XML; then review and reconcile.

D. Bank transactions cannot be imported; you must enter them.

Importing bank transactions into Xero is done by using the Import Bank Statement process. You first get a bank statement file from your bank in a supported format such as CSV, QIF, or XML. In Xero, go to the bank account and choose Import Bank Statement, then upload the file and map the columns so Xero recognizes the date, description, and amounts. After the import, review the transactions in the bank reconciliation area and reconcile them to ensure the totals match your bank. This method lets you bring in historical transactions and then reconcile them as needed. Importing via a spreadsheet copy is not how bank statements are ingested in Xero. Relying on an API-only approach with no supported file formats isn't correct, since file formats are indeed supported. And yes, bank transactions can be imported, so the idea that you must enter them manually isn't true.

9. During chart of accounts import, which step must occur before you can save the changes?

A. Set account type

B. Import

C. Confirm

D. Save

Setting the account type is essential because every imported account must be classified into a standard category (such as Asset, Liability, Equity, Revenue, Expense, or Other) to be valid in the chart of accounts. Xero requires this classification to determine how the account behaves in postings and reports. Without assigning a type, the system cannot validate the import, so saving the changes isn't allowed. Once the types are assigned, you can review (confirm) and then save. The other steps—importing the file and confirming changes—happen before saving, but the step that must occur first to enable saving is giving each account its appropriate type.

10. Which of the following describes the common statuses for invoices in Xero?

A. Draft (in progress), Authorized/Approved (ready to send), Awaiting Payment (sent, awaiting payment), Voided/Deleted (removed)

B. Draft, Authorized/Approved, Paid, Voided/Deleted

C. Draft, Invoices, Awaiting Payment, Paid

D. Draft (in progress), Authorized/Approved (ready to send), Awaiting Payment (sent, awaiting payment), Paid (settled), Voided/Deleted (removed)

In Xero, invoices go through a lifecycle that reflects their readiness and payment status. Draft means you're still working on the invoice. Authorized/Approved indicates it's approved to issue and can be sent to the customer. Awaiting Payment shows the invoice has been sent and you're waiting for payment. Paid means the payment has been received and reconciled (settled). Voided/Deleted means the invoice was canceled or removed from the records. The option that lists all of these statuses, including Paid and Voided/Deleted, best matches how invoices are tracked in Xero.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://xeroadvisor.examzify.com

We wish you the very best on your exam journey. You've got this!